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The Second Regional Conference on the Development and Utilization of Mineral Resources in Africa

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LC/NAIROB

REVIEW OF PROGRESS IN THE IMPLEMENTATION OF THE RECOMMENDATIONS OF THE FIRST REGIONAL CONFERNCE ON THE DEVELOPMENT AND UTILIZATION OF MINERAL RESOURCES IN AFRICA.

INTRODUCTION

1. It will be recalled that the First Regional Conference on the Development and Utilization of Mineral Resources in Africa held in Arusha United Republic of Tanzania in February 1961 recommended that African Governments and institutions should both singly and collectively intensify their mineral development efforts in the following main areas, the building up of the technical knowledge of the mineral resources base; the development of capabilities for mineral extraction, processing and marketing of mineral products; development of intra-African markets for minerals and mineral products; manpower development; development of mineral exploration, mining and processing equipment industries; research and development; creation of financing investment and insurance institutions; and the protection of the environment. Moreover, the secretariat of the Economic Commission for Africa (ECA) was requested to undertake some studies and organise workshops, study tours, etc. for representatives of member States aimed at facilitating the implementation of the Arusha recommendations by the African countries.

2. During the process of making preparations for the Second Regional Conference on the Development and Utilization of Mineral Resources in Africa, the ECA secretariat did invite all African Governments and various African national and intergovernmental institutions to report to this conference on the status of the implementation of the Arusha recommendations. Thus while it is anticipated that such national and institutional reports will be provided by delegations and observers present at this conference, the objective of this paper is (a) to provide a general overview of known African multi-country arrangements in mineral resources development (b) to provide information on activities undertaken by the ECA secretariat towards the implementation of the Arusha recommendations and (c) to provide some ideas regarding the future of mineral resources development in the region.

KNOWN AFRICAN MULTI-COUNTRY CO-OPERATION IN MINERAL RESOURCES DEVELOPMENT

3. Co-operation in mineral resources development by African countries in the last four years has largely been within the subregional groupings comprising the Economic Community of West African States (ECOWAS), the Southern African Development and Co-ordination Conference (SADCC), the Economic Community of Central African States (ECCAS), and the League of Arab States.

4. Within the ECOWAS subregion it is reported that during 1982 the countries drew a mineral resources development programme based on the Arusha Conference recommendations. However, the scope and status of implementation of the ECOWAS mineral development programme is not known to the ECA Secretariat.

5. With regard to the SADCC region mineral development projects were reported to be under formulation during 1983/1984 and implementation could commence during 1985. These projects will include manpower development, small-scale mining, inventory of mineral resources, and the establishment of mineral-based industries within the SADCC region.

6. As concerns the Economic Community for Central African States which came to being in 1984, the treaty establishing the Community specifies that co-operation in mineral resources development in the subregion will include: mineral inventories, harmonisation of mineral development policies, promotion of local industrialisation based on minerals, technology development, manpower development, and the exchange of information related to mineral resources development.

7. Within the League of Arab States, the Arab Mining Company (ARMICO) which is a transnational corporation of the Arab League countries has since 1974 undertaken a number of mineral development projects in the region intended to realise economic integration and advancement among the countries of the Arab League region. These mineral projects have included iron and steel industries, chemical and fertilizer industries, and construction materials. The headquarters of the Company is in Amman, Jordan. The shareholders of the Company are the Arab Governments, or any corporations, companies or organisations nominated by these Governments, provided that such corporations, companies or organisations are fully owned by the said Governments, their own citizens or other Arab citizens.

8. Another dimension related to co-operation by African countries in the mineral development sector concerns the establishment of subregional mineral development centres in the eastern and southern African subregion, and the central African subregion. The former centre is based in Dodoma, United Republic of Tanzania, and the latter is based in Brazzaville, Congo. The political and material support given to these institutions by member States in particular that for the eastern and southern African subregion, has proved disappointing.

MAIN ACTIVITIES UNDERTAKEN BY THE ECA SECRETARIAT

9. As requested by member States, one of the first activities undertaken by the secretariat was the publication of the proceedings of the Arusha conference and the distribution of the document as widely as possible within the African region in 1982. It is hoped that the knowledge to be spread by the proceedings will enhance co-operation by member States in the development and utilization of their mineral resources.

10. In order to improve the technical capabilities of African personnel in the mining industries of the region, a seminar and study tour for African specialists on mining methods was successfully organised by the secretariat and convened in Krivoy-Rog (USSR) in June 1981. Mining specialists from thirty African countries took part in the event and the report of the study tour was distributed to all member States.

11. Similarly, a study tour to Brazil, Chile, Colombia, Mexico and Peru for African specialists in mineral resources development was organised by the secretariat in October 1982. Of the twenty nine African countries invited to participate in the study tour, only eight took part. The group of African experts visited ministries and government institutions responsible for mineral resources development; mineral research and training institutions; mineral related consulting firms; mineral financing institutions; and the headquarters of the Ecomomic Commission for Latin America (ECLA) in Santiago, Chile. The study tour made it possible for the African experts to make an in-depth analysis of progress made by the countries of Latin America in integrated mineral resources development. The report of the study tour was distributed to all the African member States.

12. With a view to assisting member States in the execution of mineral development projects, the secretariat organised the preparation of geological, mineral resources, and oil and gas maps of Africa on a 1:5,000,000 scale. This project was financed by the United Nations Development Programme (UNDP) and undertaken by institutions in the USSR. These maps were widely distributed by the secretariat to all member States and African institutions responsible for mineral and energy resources development during 1982.

13. As part of the secretariat's efforts to highlight the importance of specific mineral and energy commodities in African development, as well as to encourage member States to use these commodities within the region, a regional workshop on the role of coal in accelerated African ecomomic growth was organised in Addis Ababa, Ethiopia in July 1983. Thirteen member States and a number of observers both from within and outside Africa took part in the workshop. The workshop reviewed the status of coal resources development in Africa; the use of coal for power generation as against other fuels; and technological aspects for coal development and utilization. A similar regional workshop of the role and prospects of copper/aluminium in the accelerated development of Africa will be convened in Lusaka, Zambia during February/March 1985, the outcome of which will be made available to this conference.

14. With a view to improving the working relationships between mineral producers and transnational corporations (TNCs), a regional workshop on the role of TNCs in the mining industry of Africa was convened in Manzini, Swaziland in July 1984. Nine African countries sent high level delegates to the workshop. The workshop reviewd a number of subjects relevant to TNCs in the mining industry including : policies of host countries; taxation of mineral projects; marketing of mineral products; transfer of technology; manpower training; financing of mining projects; negotiation of mining agreements; and regional co-operation in the mining sector.

15. In the context of its technical assistance programme to African multi - national institutions, the secretariat supported the Eastern and Southern African Mineral Resources Development Centre (ESAMRDC) based in Dodoma (established in 1977), and the Central African Mineral Resources Development Centre (CAMRDC) based in Brazzaville (established in 1983). Support from the secretariat to the centres has included the provision of technical and administrative services ; the promotion of participa ion by member States in the centres; and the mobilization of resources for the centres from member States and potential donors.

16. Moreover, in the case of the CAMRDC, the ECA secretariat acted as the interim secretariat of the centre from the time it was inaugurated in June 1983 to the time the core staff of the centre assumed their responsibilities in Brazzaville towards the end of 1984. While the participation of member States towards the CAMRDC has been encouraging that of the ESAMRDC has been deeply disappointing, to the effect of probably even diminishing donors support to the institution.

17. Finally, other activities undertaken by the secretariat are related to the preparations leading to the convening of this present conference. These preparations largely included the location of the host country and the preparation of basic and background documents for the conference.

SOME CONSIDERATIONS RELATED TO THE FUTURE MINERAL RESOURCES DEVELOPMENT IN THE AFRICAN REGION

18. While it is believed that the information to be derived from country delegations and observers to this conference will provide a more detailed and clear picture regarding the status of implementation of the Arusha recommendations, it is apparent from the aforesaid that in the majority of the African countries the implementation of the Arusha recommendations is now in the process of moving from projects identification and formulation to the starting of projects implementation. If this supposition is proved correct, then the Arusha recommendations on multicountry co-operation on mineral resources development remain as relevant as they were in 1981 and could be considered as long-term development guidelines for mineral resources development in the African region.

19. It will further be observed that generally, the African mining industry may be in a worse condition than in 1981 when the Arusha conference was convened. Presently the situation in most minerals markets is characterised by over-production of minerals, resulting in low prices, low export earnings for producer countries, large losses for most mining companies and unprofitability of most new investment in exploration and production. This over supply in mineral raw materials is probably the consequence of overinvestment in the mining industry (especially in the developed and few "safe" developing countries) during the 1970s caused partly by the fear over approaching depletion of mineral supplies, scarcity of mineral resources, and the threat of mineral resources wars.

20. Furthermore, the general socio-economic condition in many of the countries of Africa has been worsening since 1981. This deterioration has been brought about by such factors as severe draught and famine, increasing number of refugees, mounting external indebtedness, rising population relative to decreasing gross domestic product etc. Thus it would appear that the socio-economic conditions prevailing in the region since 1981 have not been as conducive as was expected towards the implementation of the recommendations of Arusha. If this general observation proves to be correct, how do we reorient ourselves in the sector of mineral development when it is realised that the improvement of the existing socio-economic ills will be a long term process rather than a short-term process?

21. It is gradually becoming apparent that the demand for mineral raw materials by the traditional consuming industrialized countries (which import significantly from developing countries) is not likely to increase appreciably in the future, (it could even decrease). This is because of oversaturation of long-life mineral based products; the use of relatively less minerals; increasing competition of minerals with alternative non-mineral materials; and the development of new technologies in the industrialised countries that would allow for the use of alternative sources of minerals or other materials.

22. Thus the world's present developing countries seem to be the next best source of demand for minerals. This aspect would suggest that those minerals which could be developed to respond to Africa's internal needs should receive priority by African countries in the coming years. In view of Africa's existing socio-economic problems, however, and in order to ensure that mineral development programmes can be successfully implemented, medium to small-scale development of mineral resources intended for internal consumption should receive more priority than hitherto.

23. Another aspect deserving the consideration of African countries is the development of mineral resources that will respond to the needs of the vast majority of the African population. The African rural population should not only be recipients of mineral based industries located in the major towns. The rural population should also be active participants in mineral exploration, mining, processing and utilization, and provided with the technical and other support necessary by the relevant national institutions responsible for mineral resources development.

24. As for some existing large-scale mineral raw materials producing industries of the African region, consideration should be given towards the use of some portion of the raw materials in locally based downstream industries which could produce goods for consumption in the region. These arrangements will require co-operation by African countries in financing use of complementary resources and the use of the end products.

25. As the African countries are differently endowed with natural resources, their capabilities of developing these resources differ, and the contribution of minerals to development differ from mineral to mineral etc; co-operation by African countries in mineral resources development can be based on mineral to mineral and country to country. Thus in the last analysis some of the considerations on co-operation by African countries in mineral resources development may be country specific or mineral specific.

26. Lastly, it is proposed that consideration be given to increased encouragement of both private (foreign and local) as well as state investment in mineral resources development in the region in order to accelerate the contribution of minerals to socio-economic advancement. Moreover, care should be taken by African Governments in securing external resources for the development of their mineral resources to ensure that such resources are principally directed towards projects which promote and sustain co-operative arrangements among African countries, thus enabling the region to obtain the fullest possible development benefit accruing from regional linkages.

R E F E R E N C E S

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